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Summary

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**¶1.** (SBU) Two popular State-controlled but reformist newspapers based in Ho Chi Minh City that ran stories on corruption replaced editorial leaders and the Ministry of Public Security (MPS) recently interrogated the paper's chief editors. While the dailies portrayed the moves as nothing out of the ordinary, our media contacts say they are punishment for reporting on stories such as the Ministry of Transportation's 2006 Project Management Unit-18 (PMU-18) scandal in which officials wasted millions of dollars of funds for infrastructure on gambling, real estate and bribery, and for running articles that indirectly called for freeing up the political system.

A recent CPV-organized meeting reportedly concluded that authorities should step up efforts to "ensure political stability and social order," given public uproar over the PMU-18 case and the arrests of two reporters who exposed the scandal (Reftels). The MPS says the arrested reporters admitted to "exaggerating and fabricating information" in the PMU-18 case. Coming down hard with the ideological sledgehammer on those who report corruption while effectively exonerating those who perpetrate it likely will have counterproductive results over time, deepening public skepticism of the GVN's and CPV's stated willingness to tackle corruption. End Summary.

Editors Out, Chief Editors Interrogated

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**¶2.** (SBU) In early July, State-controlled newspapers Youth ("Thanh Nien") and Young Age ("Tuoi Tre") replaced the managing editor and deputy chief editor, respectively. (Note: In Vietnam, "chief editors" have ultimate power over what stories run as well as day-to-day administrative responsibilities while "managing editors" oversee story publication with direction from the "chief editors." "Deputy chief editors" in theory have more authority than "managing editors," but in practice dividing lines between the two often are not clear. End Note). These developments follow the May arrests of Thanh Nien reporter Nguyen Van Chien and Tuoi Tre reporter Nguyen Van Hai for "abusing power in carrying out their official duties" in connection to their 2006 reports on the corruption scandal at the Ministry of Transportation's Project Management Unit-18 (PMU-18) (Reftels). The two papers portrayed the personnel changes as nothing out of the ordinary, but our media contacts say they are punishment for reporting on corruption and for running articles that indirectly called for political change in the lead-up to the 10th Party Congress in 2006.

**¶3.** (SBU) The former Managing Editor at Thanh Nien remains at the paper, but in his new position has no say over which stories run. Thanh Nien contacts privately told us that the former managing editor, who was involved in running the original PMU-18 stories, now has a highly paid "do-nothing" position.

¶4. (SBU) Media contacts say police officials from the Ministry of Public Security's (MPS) A 24 Investigative Department interrogated the current Thanh Nien and Tuoi Tre chief editors -- both of whom are senior Party members -- over the course of the last few days about coverage of the PMU-18 scandal and the arrest of the reporters. PM Dung reportedly asked Truong Tan Sang, Politburo member and Standing Member of the Secretariat of the Communist Party of Vietnam (CPV) Central Committee, to allow him "to get tough" with the chief editors.

¶5. (SBU) HCMC press contacts remind us, however, that Thanh Nien's chief editor has thus far avoided any personal repercussions for PMU-18 reporting because of his connections to Politburo members. This "umbrella" saved him from what sources characterize as a still-unfolding "crackdown" on the press. For his part, the Thanh Nien former managing editor is a "scapegoat," they add. These contacts are not as confident that the Tuoi Tre managing editor will avoid disciplinary action because he does not enjoy the same "Party umbrella." Should the Thanh Nien editor be demoted, our contacts say the paper will seek to make it appear to be a routine personnel reshuffle.

¶6. (SBU) Tuoi Tre also recently formally demoted a deputy chief editor who was de facto removed from his job last fall, once again in connection with reporting on corruption perpetrated by some of the GVN's (and CPV's) highest-ranking members. In that episode, reported Ref G, two senior editors at Tuoi Tre were removed from their positions (although not formally fired) for reporting on corruption in the awarding of contracts for printing polymer bank notes as well as on related issues of nepotism between the governor of the State Bank of Vietnam (SBV) and the printing firm owned by his son. In conversations with HCMC CG, the two editors explained that they were pushing the envelope on press freedom by running stories that had not been formally banned even after receiving instructions to let the whole matter drop quietly. Rising stars

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within the Communist Youth League with stellar CPV connections and zero background in journalism replaced the two editors. Other contacts in Tuoi Tre report that both CPV insiders remain isolated at Tuoi Tre, with reporters making a point of leaving the company's cafeteria when the two enter.

¶7. (SBU) Tuoi Tre's chief editor used the case of the two sidelined editors as a jumping off point for a spirited presentation he gave to the National Assembly late last fall calling for professionalizing Vietnam's media. In a recent interview for a local publication, one of the two Tuoi Tre editors who were sidelined made his displeasure over his recent formal demotion known. In oblique criticisms of the censors and the GVN's overall policy of maintaining strict control over all newspapers, he said he will leave the paper in 2010 to become a professional reporter who is "not dependent on anyone." He added that "the challenges" reporters face mean the Vietnamese public over the coming months will find out who the "real reporters" are as well as which newspapers are worth reading.

The Still Unfolding PMU-18 Drama

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¶8. (SBU) In other PMU-18 related developments, the Party's Information and Education Committee, People's Supreme Procuracy (the Central Government's prosecution authority), and Vietnam Journalist's Association convened a meeting on July 3 to discuss the cases of the two arrested reporters and their alleged MPS sources. Meeting participants also discussed international reaction to the arrests and, according to local press accounts, concluded that local reporting on the PMU-18 scandal had a "negative impact on public opinion." According to official (GVN-controlled) press accounts, participants reportedly urged Party authorities to work to "ensure political stability and social order."

¶9. (SBU) Media contacts say the MPS also interrogated nearly 40 other reporters and government personnel about what they know on the case. (Note: after Tuoi Tre and Thanh Nien ran the original stories on PMU-18, a number of other media outlets ran their own exposés on

the scandal. End Note). The MPS concluded that reporters "exaggerated or fabricated" information in stories on the lifestyle and alleged plots of former Deputy Minister of Transportation and PMU-18 supervisor Nguyen Viet Tien, these contacts add. Our Party contacts add that Tien will soon be appointed vice head of the Government Commission on Enterprise Reform and Development. Tien was released in October and his membership in the CPV restored after the People's Supreme Court dropped the investigation on his involvement in the scandal.

Comment: Coming Down With the Ideological Sledgehammer

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¶10. (SBU) Given simmering resentment over the arrests of the reporters and frustration with GVN failings on corruption in general, coming down with the ideological sledgehammer -- by urging reporters to follow Party lines to ensure "social stability" -- will likely be counterproductive in the long run. On the one hand, it is likely to deepen public skepticism of the GVN's and CPV's willingness to tackle corruption. On the other hand, it is likely to embolden would-be corrupt officials who will interpret this episode and others as a signal that top-level CPV officials and their allies are exempt from the GVN's much-vaunted anti-corruption campaign.

¶11. (SBU) Comment Continued: This case also seems to reflect continuing leadership maneuvering. Many say General Secretary Nong Duc Manh, whose son-in-law was implicated in the scandal, ordered the arrests and is protecting Tien. By "getting tough" with the editors, Prime Minister Dung may be demonstrating his loyalty to Manh and the collective leadership. As he has the most to gain from Manh's discomfort, this may be a particularly shrewd move on Dung's part.

¶12. (U) This cable was coordinated with ConGen Ho Chi Minh City.

MICHALAK